

**NOVICE HOUSE, INC.**  
**MONROE, LOUISIANA**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
WITH SUPPLEMENTAL INFORMATION  
As of And for The Year Ended June 30, 2006**

**BY**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-13-06

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**NOVICE HOUSE, INC.**  
**MONROE, LOUISIANA**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
WITH SUPPLEMENTAL INFORMATION  
As of And for The Year Ended June 30, 2006**

**NOVICE HOUSE, INC.  
Monroe, Louisiana**

**Financial Statements  
and Independent Auditor's Report  
with Supplemental Information  
As of and for the Year Ended June 30, 2006**

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### **Independent Auditor's Report**

To the Board of Directors of  
Novice House, Inc.  
Monroe, Louisiana

I have audited the accompanying statement of financial position of Novice House, Inc. (a nonprofit organization) as of June 30, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Novice House, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Novice House, Inc. as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 15, 2006, on my consideration of Novice House, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

## Independent Auditor's Report (Continued)

My audit was conducted for the purpose of forming an opinion on the basic financial statements of Novice House, Inc. taken as a whole. The accompanying schedules are presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Rosie D. Harper  
Certified Public Accountant

Monroe, Louisiana  
November 15, 2006

## **FINANCIAL STATEMENTS**

**NOVICE HOUSE, INC.**  
**Statement of Financial Position**  
**June 30, 2006**

**Statement A**

**Assets**

Cash and Cash Equivalents	\$ 16,176
Grants and Contracts Receivable	148,782
Prepaid Expenses	1,650
Food Inventory	700
Property, Furniture, Equipment	<u>50,713</u>
Total Assets	<u><u>218,021</u></u>

**Liabilities and Net Assets**

**Liabilities:**

Accrued Liabilities	<u>181,256</u>
Total Liabilities	<u><u>181,256</u></u>

**Net Assets:**

Unrestricted:

Operating	(13,948)
Investment in Fixed assets	<u>50,713</u>
Total Unrestricted	<u><u>36,765</u></u>

Temporarily Restricted:

Total Net Assets	<u><u>36,765</u></u>
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Total Liabilities and Net Assets	<u><u>\$ 218,021</u></u>
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See Accompanying Auditor's Report and Notes to Financial Statements.

NOVICE HOUSE, INC.  
Statement of Activities  
For the Year Ended  
June 30, 2006

Statement B

**UNRESTRICTED NET ASSETS**

Fees	\$ 665,345
Contributions	490
Total Other Support	<u>665,835</u>

<b>TOTAL UNRESTRICTED SUPPORT</b>	<u>665,835</u>
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**Net Assets Released from Restrictions**

Restrictions Satisfied by Payments	<u>237,096</u>
<b>TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATION</b>	<u>902,931</u>

**Expenses**

General and Administrative Expenses	255,538
Program Expense	<u>612,392</u>
Total Expenses	<u>867,930</u>
Change in Unrestricted Net Assets	<u>35,001</u>

**TEMPORARILY RESTRICTED NET ASSETS**

Grants and Contracts	
State	237,096
Net Assets Released from Restrictions	
Restrictions Satisfied by Payments	<u>(237,096)</u>
Change in Temporarily Restricted Net Assets	<u>-</u>

Change in Net Assets	35,001
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Net Assets as of Beginning of Year	<u>1,764</u>
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Net Assets as of End of Year	<u>\$ 36,765</u>
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See Accompanying Auditor's Report and Notes to Financial Statements.



NOVICE HOUSE, INC.  
Statement of Functional Expenses  
For the Year Ended  
June 30, 2006

	<u>General and Administrative</u>	<u>Program Services</u>	<u>Total Expenses</u>
<b>Personnel Costs</b>			
Salaries and Wages	\$ 140,280	\$ 383,676	\$ 523,956
Payroll Taxes and Other Fringe Benefits	10,865	34,186	45,051
<b>Total Personnel Costs</b>	<u>151,145</u>	<u>417,862</u>	<u>569,007</u>
<b>Other Expenses</b>			
Acquisitions	-	2,459	2,459
Food Supplies	-	15,357	15,357
Operating Services	79,588	114,470	194,058
Operating Supplies	378	7,960	8,338
Other Expenses	11,830	8,064	19,894
Professional Services	8,625	37,873	46,498
Travel	<u>3,972</u>	<u>8,347</u>	<u>12,319</u>
<b>Total Other Expenses</b>	104,393	194,530	298,923
<b>Total Functional Expenses</b>	<u>\$ 255,538</u>	<u>\$ 612,392</u>	<u>\$ 867,930</u>

See Accompanying Auditor's Report and Notes to Financial Statement.

NOVICE HOUSE, INC.  
Statement of Cash Flows  
For the Year Ended  
June 30, 2006

<b>Operating Activities</b>	<u><b>All Funds</b></u>
Change in Net Assets	\$ 35,001
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Increase in Grants and Contracts Receivable	(134,334)
Decrease in Other Receivables	2,840
Increase in Prepaid Expenses	(1,650)
Increase in Accounts Payable/Accrued Liabilities	108,498
Total Adjustments	<u>(24,646)</u>
Net Cash Provided by Operating Activities	<u>10,355</u>
 Cash and Cash Equivalents as of Beginning of Year	 5,821
Cash and Cash Equivalents as of the End of Year	<u><u>\$ 16,176</u></u>
 Supplemental Information:	
Interest Paid	<u><u>\$ 3,243</u></u>

See Accompanying Auditor's Report and Notes to Financial Statements.

**Novice House, Inc.  
Monroe, Louisiana**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 2006**

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Novice House, Inc. is a private non-profit organization domiciled in the State of Louisiana at Monroe, Louisiana. The Organization is recognized as a tax-exempt (non-profit) organization under section 501 (c) (3) of the Internal Revenue Service Code. The primary objective of the Organization is to provide shelter care for pre-adjudicated juveniles. A Board of Directors that consist of thirteen (13) members governs the Organization. The Board Members receive no compensation.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

For the period ended June 30, 2006, the Organization followed the provisions of Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*. Statement No. 117 requires the Organization to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. Statement No. 117 establishes standards for general-purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows.

**Revenue Recognition**

In order to comply with restrictions, which donors place on grants and other gifts as well as designations made by its governing board, the principles of reporting net assets are used. Revenue and public support consists mainly of federal, state and private grants, fundraising, and contributions. Grants and other contributions of cash and other assets are reported as permanently restricted or temporarily restricted if they are received with donor restrictions or restrictions designated by the governing board. Contributions are considered to be unrestricted unless restricted by the donor. All assets over which the Board of Directors has discretionary control have been included in the General Fund.

**Novice House, Inc.**  
**Notes to the Financial Statements (Continued)**

**Estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Budget Practices**

The Organization prepared program budgets for the DOC and Urban funds that are approved by the Board of Directors. Based on the board-approved budgets, "budget and actual" comparative statements are presented as supplemental information for the DOC and Urban funds. Since budgets are not required or prepared for the General Fund, a comparative statement was not presented for the General fund.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. Under state law, the agency may deposit funds in demand accounts, interest bearing accounts, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**Property, Furniture, and Equipment**

The Organization records donations of property, furniture and equipment as support at their fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Assets purchased by the Organization are recorded at costs.

No depreciation is recorded on assets because all acquisitions of property, furniture and equipment are expensed in the year of acquisition as capital outlay. The value of the assets are reflected on the statement of financial position at cost as Property, Furniture and Equipment under assets, and an equal amount is reflected as Investment in Fixed Assets under net assets.

**Compensated Absences**

Compensated absences are absences for which employees will be paid, such as vacation and or sick leave. The Organization has a formal policy for accumulation and vesting of vacation and sick leave, which is based on the length of service. Employees become eligible for one day of sick leave for each month's work until a maximum is reached. Days of sick leave used shall be deducted from

**Novice House, Inc.**  
**Notes to the Financial Statements (Continued)**

the total earned. Sick leave may be accumulated to a maximum of thirty (30) working days (depending on the number of years an employee has been employed at the shelter). Days of vacation are accrued at one (1) day a month up to a maximum of ten (10) days. The maximum days of vacation for each employee is also determined by the their length of service. Vacation days must be taken within the fiscal year earned and cannot be carried into a subsequent year. In lieu of overtime pay, hourly employees may take time off (comp time) equal to the number of overtime hours worked or receive regular pay. For salaried employees, only comp time is available equal to the number of overtime hours worked. A liability for compensated absences is not reflected in the financial statements because the amounts are considered immaterial for the purposes of this report.

**NOTE B. CASH AND CASH EQUIVALENTS**

For the period ended June 30, 2006, the Organization had the following cash and no cash equivalents:

Unrestricted	
Checking	\$ 16,176
	<hr/>
Total Cash	<u>\$ 16,176</u>

**NOTE C. GRANTS AND CONTRACTS RECEIVABLE**

For the period ended June 30, 2006, the Organization had the following grants and contracts receivables:

Louisiana Office of Community Services	\$ 145,961
Department of Correction	<u>2,821</u>
Total Grants and Contracts Receivable	<u>\$ 148,782</u>

**NOTE E. PROPERTY, PLANT, AND EQUIPMENT**

A summary of changes in property, plant and equipment for the year ended June 30, 2006 is as follows:

<u>Beginning</u> <u>of Period</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>End of</u> <u>Period</u>
50,713	-	-	-	50,713

**Novice House, Inc.**  
**Notes to the Financial Statements (Continued)**

**NOTE F. ACCRUED LIABILITIES**

For the period ended June 30, 2006, the Organization had the following accrued liabilities:

Accounts Payable	\$	50,169
Payroll Liabilities		109,773
Credit Line Payable		21,314
Total Liabilities	\$	<u>181,256</u>

The credit line payables are unsecured liabilities as follows:

<b>Creditor</b>	<b>Balance</b>	<b>Interest Rate</b>
Bank One	\$ 11,339	8.50%
Iberia Bank-5363	5,000	15.00%
Iberia Bank-5594	4,975	15.00%
Total Credit Line Payables	\$ <u>21,314</u>	

**NOTE G. LEASES**

For the year ended June 30, 2006, the Organization had four operating leases as follows:

<b>Leased Asset</b>	<b>Monthly Payment</b>
Building (Admin.)-800 Standifer Street, Monroe, LA	\$ 1,000
Building (Shelter)-806 Standifer Street, Monroe, LA	1,500
Building (Shelter)-112 Fillmore Street, Tallulah, LA	2,500
Van-800 Standifer Street Monroe, LA	650
Total Leases	\$ <u>5,650</u>

**NOTE H. PENSION PLAN**

The Organization does not cover its employee under a pension plan. All employees of the Organization are members of the Social Security System. In addition to the employee's contribution of 7.65%, the Organization contributes an equal amount to the Social Security System.

**NOTE I. FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and activities have been summarized on a functional basis on the statement of activities. Accordingly, certain costs have been allocated among the programs supporting services benefited.

**NOTE J. RELATED PARTY TRANSACTIONS**

The Organization is a party to a \$1,000 (one thousand dollars) per month lease agreement with Lone Wa Missionary Baptist Church for property located at 800 Standifer Street, and van rental of \$650 (six hundred fifty dollars). The executive director of the Organization is also the pastor of Lone Wa Missionary Baptist Church.

**NOTE K. CONCENTRATION OF RISK**

For the year ended June 30, 2006, the Organization was subject to significant concentration risks due to the fact that ninety nine percent (99%) of its funding consisted of grants and service contracts received from the state of Louisiana.



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**Report On Internal Control Over Financial Reporting And On Compliance  
And Other Matters Based On An Audit Of Financial Statements Performed  
In Accordance With Government Auditing Standards**

To the Board of Trustees of  
Novice House, Inc.

I have audited the financial statements of Novice House, Inc. (a nonprofit organization) as of and for the year ended June 30, 2006, and have issued my report thereon dated November 15, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing my audit, I considered Novice House, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Novice House, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 06-01.



**Report On Internal Control Over Financial Reporting And On Compliance And Other  
Matters Based On An Audit Of Financial Statements Performed In Accordance With  
Government Auditing Standards (Continued)**

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this document is public record and its distribution is not limited.

A handwritten signature in cursive script, appearing to read "Rosie D. Harper".

Rosie D. Harper  
Certified Public Accountant

Monroe, Louisiana  
November 15, 2006

## **SUPPLEMENTAL INFORMATION**

**NOVICE HOUSE, INC.**  
**SCHEDULE OF FUND DESCRIPTIONS**  
**For Year Ended JUNE 30, 2006**

**General Fund**

All assets over which the Board of Directors has discretionary control have been included in the general fund.

**DOC Fund**

The DOC Fund is used to account for proceeds from The State of Louisiana Department of Public Safety for providing a regional shelter to pre-adjudicated juveniles.

**Urban Fund**

The Urban Fund is used to account for grant proceeds from The State of Louisiana's Governor's Office of Urban Affairs and Development for providing regional shelter to pre-adjudicated juveniles.

**NOVICE HOUSE, INC.**  
**Schedule of Assets, Liabilities, and Net Assets**  
**June 30, 2006**

Schedule 2

<b>Assets</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>		<b>Total All Funds</b>
	<b>General</b>	<b>DOC Fund</b>	<b>Urban Fund</b>	
Cash and Cash Equivalents	\$ 16,176	\$ -	\$ -	\$ 16,176
Grants and Contracts Receivable	145,961	2,821	-	148,782
Prepaid Expenses	1,650	-	-	1,650
Due from Other Funds	2,821	-	-	2,821
Food Inventory	700	-	-	700
Property, Furniture, and Equipment	18,745	31,968	-	50,713
<b>Total Assets</b>	<b>186,053</b>	<b>34,789</b>	<b>-</b>	<b>220,842</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities:</b>				
Accrued Liabilities	181,256	-	-	181,256
Due to Other Funds	-	2,821	-	2,821
<b>Total Liabilities</b>	<b>181,256</b>	<b>2,821</b>	<b>-</b>	<b>184,077</b>
<b>Net Assets:</b>				
<b>Unrestricted:</b>				
Operating	(13,948)	-	-	(13,948)
Investment in Fixed Assets	18,745	31,968	-	50,713
<b>Total Unrestricted</b>	<b>4,797</b>	<b>31,968</b>	<b>-</b>	<b>36,765</b>
<b>Temporarily Restricted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Net Assets</b>	<b>4,797</b>	<b>31,968</b>	<b>-</b>	<b>36,765</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 186,053</b>	<b>\$ 34,789</b>	<b>\$ -</b>	<b>\$ 220,842</b>

See Accompanying Auditor's Report and Notes to Financial Statements.

NOVICE HOUSE, INC.  
Schedule of Support, Revenue, Expenses, and  
Changes in Net Assets  
June 30, 2006

Schedule 3

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>		
	<u>General Fund</u>	<u>DOC Fund</u>	<u>Urban Fund</u>	<u>Total All Funds</u>
<b>UNRESTRICTED NET ASSETS</b>				
<b>Support</b>				
Fees	\$ 665,345	\$ -	\$ -	\$ 665,345
Contributions	490	-	-	490
Total Other Support	<u>665,835</u>	<u>-</u>	<u>-</u>	<u>665,835</u>
<b>TOTAL UNRESTRICTED SUPPORT</b>	<u>665,835</u>	<u>-</u>	<u>-</u>	<u>665,835</u>
<b>Net Assets Released from Restrictions</b>	<u>237,096</u>	<u>-</u>	<u>-</u>	<u>237,096</u>
<b>TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATION</b>	<u>902,931</u>	<u>-</u>	<u>-</u>	<u>902,931</u>
<b>Expenses</b>				
General Expenses	255,538	-	-	255,538
Program Expenses	612,392	-	-	612,392
Total Expenses	<u>867,930</u>	<u>-</u>	<u>-</u>	<u>867,930</u>
Change in Unrestricted Net Assets	<u>35,001</u>	<u>-</u>	<u>-</u>	<u>35,001</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>				
State	-	227,367	9,729	237,096
Restrictions satisfied by payments	-	(227,367)	(9,729)	(237,096)
Change in Temporarily Restricted Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>35,001</u>	<u>-</u>	<u>-</u>	<u>35,001</u>
Net Assets as of Beginning of Year	<u>(30,204)</u>	<u>31,968</u>	<u>-</u>	<u>1,764</u>
Net Assets as of End of Year	<u>\$ 4,797</u>	<u>\$ 31,968</u>	<u>\$ -</u>	<u>\$ 36,765</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

NOVICE HOUSE, INC.  
Schedule of Expenses  
For the Year Ended  
June 30, 2006

Schedule 4

	TEMPORARILY RESTRICTED NET ASSETS RELEASED FROM RESTRICTIONS				
	UNRESTRICTED				
	General Fund	DOC Fund	Urban Fund	Total Temporarily Restricted	Total All Funds
<b>General &amp; Administrative</b>					
Personnel Costs					
Salaries and Wages	\$ 63,606	\$ 69,943	\$ 6,731	\$ 76,674	\$140,280
Payroll Taxes and Other Fringe Benefits	4,974	5,353	538	5,891	10,865
Total Personnel Costs	68,580	75,296	7,269	82,565	151,145
Operating Services	59,425	20,163	-	20,163	79,588
Operating Supplies	362	-	16	16	378
Other Expenses	11,830	-	-	-	11,830
Professional Services	3,750	4,875	-	4,875	8,625
Travel	3,805	-	167	167	3,972
Total Other General & Administrative	79,172	25,038	183	25,221	104,393
Total General & Administrative	147,752	100,334	7,452	107,786	255,538
<b>Program Expenses</b>					
Personnel Costs					
Salaries and Wages	301,625	81,495	556	82,051	383,676
Payroll Taxes and Other Fringe Benefits	24,559	9,453	174	9,627	34,186
Total Personnel Costs	326,184	90,948	730	91,678	417,862
Acquisitions	2,459	-	-	-	2,459
Food Supplies	6,396	8,950	11	8,961	15,357
Operating Services	87,335	27,135	-	27,135	114,470
Operating Supplies	6,757	-	1,203	1,203	7,960
Other Expenses	8,064	-	-	-	8,064
Professional Services	37,873	-	-	-	37,873
Travel	8,014	-	333	333	8,347
Total Other Program Expenses	156,898	36,085	1,547	37,632	194,530
Total Program Expenses	483,082	127,033	2,277	129,310	612,392
Total Functional Expenses	\$ 630,834	\$ 227,367	\$ 9,729	\$ 237,096	\$867,930

See Accompanying Auditor's Report and Notes to Financial Statements.

NOVICE HOUSE, INC.

Schedule of Cash Flows

For the Year Ended

June 30, 2006

Schedule 5

**UNRESTRICTED TEMPORARILY RESTRICTED**

Operating Activities	General Fund	DOC Fund	Urban Fund	Total All Funds
Change in Net Assets	\$ 35,001	\$ -	\$ -	\$ 35,001
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Decrease (Increase) in Grants and Contracts Receivable	(136,410)	2,076	-	(134,334)
Decrease (Increase) in Prepaid Expenses	(1,650)	-	-	(1,650)
Decrease (Increase) in Other Receivables	2,840	-	-	2,840
Decrease (Increase) in Due from Other Funds	2,076	-	-	2,076
(Decrease) Increase in Accounts Payable/Accrued Liabilities	108,498	-	-	108,498
(Decrease) Increase in Due to Other Funds	-	(2,076)	-	(2,076)
Total Adjustments	(24,646)	-	-	(24,646)
Net Cash Provided by Operating Activities	10,355	-	-	10,355
Cash and Cash Equivalents as of Beginning of Year	5,821	-	-	5,821
Cash and Cash Equivalents as of the End of Year	\$ 16,176	\$ -	\$ -	\$ 16,176
Supplemental Information:				
Interest Paid	\$ 3,243	\$ -	\$ -	\$ 3,243

See Accompanying Auditor's Report and Notes to Financial Statements.

NOVICE HOUSE, INC.  
 DOC Fund  
 Schedule of Activities -Budget to Actual  
 For the Year Ended  
 June 30, 2006

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenue</b>			
State Grants	\$ 226,524	\$ 227,367	\$ (843)
<b>Total Revenue</b>	<u>226,524</u>	<u>227,367</u>	<u>(843)</u>
 <b>Personnel Costs</b>			
Salaries and Wages	151,448	151,438	10
Payroll Taxes and Other Fringe Benefits	<u>14,796</u>	<u>14,806</u>	<u>(10)</u>
<b>Total Personnel Costs</b>	<u>166,244</u>	<u>166,244</u>	<u>-</u>
 <b>Other Expenses</b>			
Operating Services	46,455	47,298	(843)
Professional Services	4,875	4,875	-
Operating Supplies	<u>8,950</u>	<u>8,950</u>	<u>-</u>
<b>Total Other Expenses</b>	<u>60,280</u>	<u>61,123</u>	<u>(843)</u>
<b>Total Expenses</b>	<u>226,524</u>	<u>227,367</u>	<u>(843)</u>
 <b>Change in Net Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Auditor's Report and Notes to Financial Statements.



NOVICE HOUSE, INC.  
 Urban Fund  
 Schedule of Activities -Budget to Actual  
 For the Year Ended  
 June 30, 2006

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenue</b>			
Grants and Receivables	\$ 10,000	\$ 9,729	\$ 271
<b>Total Revenue</b>	<u>10,000</u>	<u>9,729</u>	<u>271</u>
 <b>Personnel Costs</b>			
Salaries and Wages	7,287	7,287	-
Payroll Taxes and Other Fringe Benefits	<u>712</u>	<u>712</u>	<u>-</u>
<b>Total Personnel Costs</b>	<u>7,999</u>	<u>7,999</u>	<u>-</u>
 <b>Other Expenses</b>			
Personnel Travel	501	500	1
Operating Services	-	-	-
Operating Supplies	1,500	1,230	270
Other	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Other Expenses</b>	<u>2,001</u>	<u>1,730</u>	<u>271</u>
<b>Total Expenses</b>	<u>10,000</u>	<u>9,729</u>	<u>271</u>
 <b>Change in Net Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Auditor's Report and Notes to Financial Statements.

**NOVICE HOUSE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2006**

**REPORTABLE CONDITIONS**

**Finding 06-01-Untimely Payroll Tax Deposits (REPEAT FINDING)**

The Organization is subject to monthly payroll tax deposits due on or before the fifteenth of the following month. The Organization failed to make timely payroll tax deposit incurring interest, and penalties.

**Recommendation**

The Organization should make all payroll tax deposits timely.

**Management Response**

The Organization experienced a delay in payments due from the State of Louisiana after Hurricane Katrina. The Organization is currently making timely tax deposits, and management will establish an installment agreement with the Internal Revenue Service to pay the back taxes as well as request an abatement of penalties and interest.

**NOVICE HOUSE, INC.**  
**SCHEDULE OF PRIOR PERIOD FINDINGS**  
**YEAR ENDED JUNE 30, 2006**

**REPORTABLE CONDITIONS****Finding 05-01-Untimely Payroll Tax Deposits**

The Organization is subject to monthly payroll tax deposits due on or before the fifteenth of the following month. The Organization failed to make timely payroll tax deposit incurring interest, penalties, and a termination of an Offer in Compromise settlement with the Internal Revenue Service.

**STATUS:      UNCLEARED**

**Finding 05-02-Default of Offer in Compromise Agreement-Future Compliance Agreement**

In 2001 the Internal Revenue Service accepted an Offer in Compromise Agreement abating interest and penalties for untimely payment of payroll taxes. As a condition of acceptance of an Offer in Compromise Agreement, the Internal Revenue Service has a future compliance provision, which requires the taxpayer to comply with all provisions of the Internal Revenue Code relating to filing the returns and paying the required taxes for 5 years or until the offered amount is paid in full, whichever is longer. During the fiscal years ending June 30, 2004 and 2005, the Organization failed to make required tax deposits in a timely manner. On July 25, 2005, the Internal Revenue Service notified the Organization that it was in default and the Offer in Compromise Agreement was terminated.

**STATUS:      CLEARED**

**Finding 05-03-Failure to Maintain Insurance**

- A.    Section V Special Provision Subsection E. Insurance Requirements of the Organization's contract with the Louisiana Department of Safety and Corrections requires that the Organization maintain and pay for insurance, which will protect the contractor and the state as a name insured for all claims, including death and claims based on violations of civil rights arising from the services perform under the contract; all claims arising from the services performed under the contract by the Contractor, and actions by a third party against Contractor as a result of the contract. The Organization could not provide any proof of insurance coverage for general liability, automobile liability, and workman's compensation.
- B.    Fidelity Bond- The Organization did not provide bonding insurance on the employees handling cash, and cash related items.

**STATUS:      CLEARED**

***Finding 05-04-Inadequate Controls over Petty Cash***

Petty Cash Funds should be used for cash payment of minor items. The funds should be maintained on an imprest basis, using pre-numbered vouchers for all disbursements. The funds should not be used to circumvent internal controls in place for check writing.

**STATUS:      CLEARED**

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
(For Attestation Engagements of Quasi-public Entities)

August 31, 2006

Rosie D. Harper, CPA, LLP  
141 DeSiard Street, Suite 325  
Monroe, Louisiana 71202

In connection with your audit of our financial statements as of June 30, 2006 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of August 31, 2006.

**Federal, State, and Local Awards**

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes [ ☒ ] No [ ☐ ]

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [ ☒ ] No [ ☐ ]

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [ ☒ ] No [ ☐ ]

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [ ☒ ] No [ ☐ ]

**Open Meetings**

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law). N/A

Yes [ ☐ ] No [ ☐ ]

**Budget**

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [ ☒ ] No [ ☐ ]

**Prior Year Comments**

We have resolved all prior-year recommendations and/or comments.

N/A

Yes [ ] No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

Dennis Stevenson Secretary 12-5-06 Date

Treasurer  Date

Laurey Walker President 12-5-06 Date